Registre de Commerce et des Sociétés
**B46338** - L130114022
déposé le 09/07/2013

# M E N T I O N

Nom de la société : **ESFIL - ESPIRITO SANTO FINANCIERE S.A.**

Siège social : **22/24 Boulevard Royal, L-2449 Luxembourg**

N° du Registre de Commerce : **B 46 338**

N° CDO : **521**

Les comptes annuels au : **31.12.2012**

ont été déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Luxembourg, le 17 juin 2013

SG AUDIT SARL

Registre de Commerce et des Sociétés
**B46338** - L130114022
enregistré et déposé le 09/07/2013

| RCSL Nr. : B46338 | Matricule : 1993 2215 260 |
|---|---|

## BALANCE SHEET

**Financial year from** 01 01/01/2012 **to** 02 31/12/2012 *(in* 03 EUR *)*

ESFIL- ESPIRITO SANTO FINANCIERE S.A.

22/24, BOULEVARD ROYAL
L-2449 Luxembourg

## ASSETS

| | | Financial year | | Previous financial year |
|---|---|---|---|---|
| **A. Subscribed capital unpaid** | 101 | 0,00 | 102 | 0,00 |
| I. Subscribed capital not called | 103 | 0,00 | 104 | 0,00 |
| II. Subscribed capital called but not paid | 105 | 0,00 | 106 | 0,00 |
| **B. Formation expenses** | 107 | 63.800,00 | 108 | 0,00 |
| **C. Fixed assets** | 109 | 237.128.869,00 | 110 | 0,00 |
| I. Intangible assets | 111 | 0,00 | 112 | 0,00 |
| 1. Costs of research and development | 113 | 0,00 | 114 | 0,00 |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 115 | 0,00 | 116 | 0,00 |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 117 | 0,00 | 118 | 0,00 |
| b) created by the undertaking itself | 119 | 0,00 | 120 | 0,00 |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 121 | 0,00 | 122 | 0,00 |
| 4. Payments on account and intangible fixed assets under development | 123 | 0,00 | 124 | 0,00 |
| II. Tangible assets | 125 | 115.167,00 | 126 | 0,00 |
| 1. Land and buildings | 127 | 0,00 | 128 | 0,00 |
| 2. Plant and machinery | 129 | 0,00 | 130 | 0,00 |
| 3. Other fixtures and fittings, tools and equipment | 131 | 115.167,00 | 132 | 0,00 |
| 4. Payments on account and tangible assets in course of construction | 133 | 0,00 | 134 | 0,00 |
| III. Financial assets | 135 | 237.013.702,00 | 136 | 0,00 |
| 1. Shares in affiliated undertakings | 137 | 143.196.984,00 | 138 | 0,00 |
| 2. Loans to affiliated undertakings | 139 | 41.243.971,00 | 140 | 0,00 |
| 3. Shares in undertakings with which the company is linked by virtue of participating interests | 141 | 0,00 | 142 | 0,00 |
| 4. Loans to undertakings with which the company is linked by virtue of participating interests | 143 | 0,00 | 144 | 0,00 |
| 5. Investments held as fixed assets | 145 | 4.641.227,00 | 146 | 0,00 |
| 6. Loans and claims held as fixed assets | 147 | 47.931.520,00 | 148 | 0,00 |
| 7. Own shares or own corporate units | 149 | 0,00 | 150 | 0,00 |

| RCSL Nr. : B46338 | Matricule : 1993 2215 260 |
|---|---|

| | | Financial year | | Previous financial year |
|---|---|---|---|---|
| **D. Current assets** | 151 | 925.806.671,00 | 152 | 0,00 |
| I. Stocks | 153 | 0,00 | 154 | 0,00 |
| 1. Raw materials and consumables | 155 | 0,00 | 156 | 0,00 |
| 2. Work and contracts in progress | 157 | 0,00 | 158 | 0,00 |
| 3. Finished goods and goods for resale | 159 | 0,00 | 160 | 0,00 |
| 4. Payments on account | 161 | 0,00 | 162 | 0,00 |
| II. Debtors | 163 | 808.773.383,00 | 164 | 0,00 |
| 1. Trade debtors | 165 | 0,00 | 166 | 0,00 |
| a) becoming due and payable after less than one year | 167 | 0,00 | 168 | 0,00 |
| b) becoming due and payable after more than one year | 169 | 0,00 | 170 | 0,00 |
| 2. Amounts owed by affiliated undertakings | 171 | 808.292.908,00 | 172 | 0,00 |
| a) becoming due and payable after less than one year | 173 | 808.292.908,00 | 174 | 0,00 |
| b) becoming due and payable after more than one year | 175 | 0,00 | 176 | 0,00 |
| 3. Amounts owed by undertakings with which the company is linked by virtue of participating interests | 177 | 0,00 | 178 | 0,00 |
| a) becoming due and payable after less than one year | 179 | 0,00 | 180 | 0,00 |
| b) becoming due and payable after more than one year | 181 | 0,00 | 182 | 0,00 |
| 4. Other debtors | 183 | 480.475,00 | 184 | 0,00 |
| a) becoming due and payable after less than one year | 185 | 480.475,00 | 186 | 0,00 |
| b) becoming due and payable after more than one year | 187 | 0,00 | 188 | 0,00 |
| III. Investments | 189 | 0,00 | 190 | 0,00 |
| 1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests | 191 | 0,00 | 192 | 0,00 |
| 2. Own shares or own corporate units | 193 | 0,00 | 194 | 0,00 |
| 3. Other investments | 195 | 0,00 | 196 | 0,00 |
| IV. Cash at bank and in hand | 197 | 117.033.288,00 | 198 | 0,00 |
| **E. Prepayments** | 199 | 1.997.613,00 | 200 | 0,00 |
| **TOTAL (ASSETS)** | 201 | 1.164.996.953,00 | 202 | 0,00 |

| RCSL Nr. : B46338 | Matricule : 1993 2215 260 |
|---|---|

## LIABILITIES

| | Code | Financial year | Code | Previous financial year |
|---|---|---|---|---|
| **A. Capital and reserves** | 301 | 179.237.861,00 | 302 | 0,00 |
| I. Subscribed capital | 303 | 135.000.000,00 | 304 | 0,00 |
| II. Share premium and similar premiums | 305 | 0,00 | 306 | 0,00 |
| III. Revaluation reserves | 307 | 0,00 | 308 | 0,00 |
| IV. Reserves | 309 | 10.183.000,00 | 310 | 0,00 |
| 1. Legal reserve | 311 | 10.183.000,00 | 312 | 0,00 |
| 2. Reserve for own shares | 313 | 0,00 | 314 | 0,00 |
| 3. Reserves provided for by the articles of association | 315 | 0,00 | 316 | 0,00 |
| 4. Other reserves | 317 | 0,00 | 318 | 0,00 |
| V. Profit or loss brought forward | 319 | 12.812.168,00 | 320 | 0,00 |
| VI. Result for the financial year | 321 | 21.242.693,00 | 322 | 0,00 |
| VII. Interim dividends | 323 | 0,00 | 324 | 0,00 |
| VIII. Investment subsidies | 325 | 0,00 | 326 | 0,00 |
| IX. Immunised appreciation | 327 | 0,00 | 328 | 0,00 |
| **B. Subordinated creditors** | 329 | 0,00 | 330 | 0,00 |
| **C. Provisions** | 331 | 1.802.378,00 | 332 | 0,00 |
| 1. Provisions for pensions and similar obligations | 333 | 0,00 | 334 | 0,00 |
| 2. Provisions for taxation | 335 | 1.802.378,00 | 336 | 0,00 |
| 3. Other provisions | 337 | 0,00 | 338 | 0,00 |
| **D. Non subordinated debts** | 339 | 982.727.784,00 | 340 | 0,00 |
| 1. Debenture loans | 341 | 547.852.198,00 | 342 | 0,00 |
| a) Convertible loans | 343 | 0,00 | 344 | 0,00 |
| i) becoming due and payable after less than one year | 345 | 0,00 | 346 | 0,00 |
| ii) becoming due and payable after more than one year | 347 | 0,00 | 348 | 0,00 |
| b) Non convertible loans | 349 | 547.852.198,00 | 350 | 0,00 |
| i) becoming due and payable after less than one year | 351 | 520.852.198,00 | 352 | 0,00 |
| ii) becoming due and payable after more than one year | 353 | 27.000.000,00 | 354 | 0,00 |
| 2. Amounts owed to credit institutions | 355 | 7.583.194,00 | 356 | 0,00 |
| a) becoming due and payable after less than one year | 357 | 7.583.194,00 | 358 | 0,00 |
| b) becoming due and payable after more than one year | 359 | 0,00 | 360 | 0,00 |
| 3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks | 361 | 0,00 | 362 | 0,00 |
| a) becoming due and payable after less than one year | 363 | 0,00 | 364 | 0,00 |
| b) becoming due and payable after more than one year | 365 | 0,00 | 366 | 0,00 |
| 4. Trade creditors | 367 | 0,00 | 368 | 0,00 |
| a) becoming due and payable after less than one year | 369 | 0,00 | 370 | 0,00 |
| b) becoming due and payable after more than one year | 371 | 0,00 | 372 | 0,00 |

| | | Financial year | | Previous financial year |
|---|---|---|---|---|
| 5. Bills of exchange payable | 373 | 0,00 | 374 | 0,00 |
| a) becoming due and payable after less than one year | 375 | 0,00 | 376 | 0,00 |
| b) becoming due and payable after more than one year | 377 | 0,00 | 378 | 0,00 |
| 6. Amounts owed to affiliated undertakings | 379 | 426.953.660,00 | 380 | 0,00 |
| a) becoming due and payable after less than one year | 381 | 207.977.677,00 | 382 | 0,00 |
| b) becoming due and payable after more than one year | 383 | 218.975.983,00 | 384 | 0,00 |
| 7. Amounts owed to undertakings with which the company is linked by virtue of participating interests | 385 | 0,00 | 386 | 0,00 |
| a) becoming due and payable after less than one year | 387 | 0,00 | 388 | 0,00 |
| b) becoming due and payable after more than one year | 389 | 0,00 | 390 | 0,00 |
| 8. Tax and social security | 391 | 0,00 | 392 | 0,00 |
| a) Tax | 393 | 0,00 | 394 | 0,00 |
| b) Social security | 395 | 0,00 | 396 | 0,00 |
| 9. Other creditors | 397 | 338.732,00 | 398 | 0,00 |
| a) becoming due and payable after less than one year | 399 | 338.732,00 | 400 | 0,00 |
| b) becoming due and payable after more than one year | 401 | 0,00 | 402 | 0,00 |
| **E. Deferred income** | 403 | 1.228.930,00 | 404 | 0,00 |
| **TOTAL (LIABILITIES)** | 405 | 1.164.996.953,00 | 406 | 0,00 |

**Notes to the annual accounts at 31 December 2012**

## NOTE 1 – ACTIVITY

ESFIL - Espirito Santo Financière S.A., ("the Company") is a limited liability corporation (société anonyme) incorporated under Luxembourg law on 23 December 1993. The main activity of the Company is the acquisition of interests, in any form whatsoever, in other Luxembourg or foreign companies and any other form of investment of any industrial or trading companies. It also participates in the organisation and development of any industrial or trading company by granting assistance to such companies in the form of loans, guarantees or in any other way.

The Company has a branch in Lausanne, Switzerland.

The Company is a wholly owned subsidiary of Espirito Santo Financial Group S.A. (ESFG), a limited liability corporation (société anonyme), incorporated under the laws of Luxembourg. Its ultimate parent company is Espirito Santo International S.A. (ESI), a Luxembourg company.

The Company prepares consolidated financial statements which are available at the Company's registered office at 22-24 boulevard Royal in Luxembourg.

The consolidated financial statements of ESFG, in which the Company is included, are available at the Company's registered office at 22-24 boulevard Royal in Luxembourg.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Accounting convention and basis of preparation*

The annual accounts are prepared in conformity with Luxembourg legal and regulatory requirements, under the historical cost convention and in the format applicable to Luxembourg commercial companies.

The preparation of the annual accounts requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

*Income and expenses recognition*

Income and expenses are recognised on an accrual basis. Dividends from investments are accounted for as income when received.

*Formation expenses and expenses in relation to capital increases*

Formation expenses and expenses arising on capital increases are capitalised and amortised over a five-year period.

*Intangible assets*

Computer software licences are capitalised on the basis of the cost inquired to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives of the assets being considered as five years.

*Tangible assets*

Other fixtures and fittings, tools and equipment comprise furniture, car, computer and equipment which are stated at cost, less accumulated depreciation. The annual charge for depreciation is computed on a straight-line basis over the estimated useful lives of the assets being considered as three to five years.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Financial fixed assets*

Financial fixed assets are stated at acquisition cost. Value adjustments are made when a permanent diminution in value is identified and are booked under the caption "Value adjustments and fair value adjustments on financial fixed assets". Reversal of value adjustments is booked under the caption "Income from financial fixed assets".

Discount on financial fixed assets is booked under the caption "Income from financial fixed assets" at repayment date on pro-rata basis.

*Debtors*

Debtors are stated at their nominal value. Value adjustments are recorded if the receivable has become doubtful.

*Investments in transferable securities*

Investments in transferable securities are stated at the lower of cost or market value. Unrealised losses are recognised through the profit and loss account under caption "Value adjustments and fair value adjustments on financial current assets".

*Costs on debt securities issues*

Costs arising in respect of debt securities are capitalised and amortised over the life of the debt securities.

*Derivative financial instruments*

Derivative financial instruments comprise forward currency contracts and interest rate swap contracts which are recorded off balance sheet. Forward currency contracts and interest rate swap contracts are carried off balance sheet at their notional amount.

Unrealised gains are recognised to the extent of unrealised losses. A provision is created for any excess losses; any gains are deferred.

*Foreign currency translation*

The accounts of the Company are maintained in Euros ("EUR"). Foreign currency transactions and income and expenses are translated at exchange rates ruling at the time the transactions take place. Assets and liabilities expressed in currencies other than Euros are translated into Euros at exchange rates prevailing at the balance sheet date, except for fixed assets and capital and reserves which are translated at historical exchange rates. Unrealised exchange losses are recognised in the profit and loss account. Exchange gains are only recognised in the profit and loss account when realised.

Spot positions hedged by forward transactions as well as forward positions hedged by spot deals are considered to be neutral in relation to currency fluctuations. Any valuation difference which may arise is neutralised so that the results for the year are not affected.

Provision is made for unrealised losses on forward transactions which do not represent the hedging of spot positions. Unrealised gains are not accounted for.

## NOTE 3 – FORMATION EXPENSES

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Cost at the beginning and at the end of the year | 348 000 | 348 000 |
| Amortisation at the beginning of the year | ( 214 600) | ( 145 000) |
| Amortisation for the year | ( 69 600) | ( 69 600) |
| Amortisation at the end of the year | ( 284 200) | ( 214 600) |
| **Unamortised costs at the end of the year** | 63 800 | 133 400 |

The formation expenses are linked to the capital increase in 2008.

## NOTE 4 – CONCESSIONS, PATENTS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS AND ASSETS

This caption includes the computer software licenses purchased by the Company.

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Cost at the beginning and at the end of the year | 173 503 | 173 503 |
| Amortisation at the beginning and the end of the year | ( 173 503) | ( 173 503) |
| **Net balance at the end of the year** | - | - |

**Notes to the annual accounts at 31 December 2012**

## NOTE 5 – OTHER FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

| | Furniture EUR | Car EUR | Computer & equipment EUR | Total EUR |
|---|---|---|---|---|
| Cost as at 31 December 2010 | 117 027 | 85 200 | 224 077 | 426 304 |
| Additions for the year | - | - | 2 107 | 2 107 |
| Cost as at 31 December 2011 | 117 027 | 85 200 | 226 184 | 428 411 |
| Additions for the year | 41 428 | 51 808 | 44 580 | 137 816 |
| Sale of the year | - | ( 35 900) | - | ( 35 900) |
| Cost as at 31 December 2012 | 158 455 | 101 108 | 270 764 | 530 327 |
| Amortisation as at 31 December 2010 | ( 112 088) | ( 77 214) | ( 220 703) | ( 410 005) |
| Amortisation for the year | ( 2 382) | ( 7 986) | ( 2 229) | ( 12 597) |
| Amortisation as at 31 December 2011 | ( 114 470) | ( 85 200) | ( 222 932) | ( 422 602) |
| Amortisation for the year | ( 11 110) | ( 2 878) | ( 14 470) | ( 28 458) |
| Sale of the year | - | 35 900 | - | 35 900 |
| Amortisation as at 31 December 2012 | ( 125 580) | ( 52 178) | ( 237 402) | ( 415 160) |
| **Net balance as at 31 December 2012** | **32 875** | **48 930** | **33 362** | **115 167** |
| **Net balance as at 31 December 2011** | **2 557** | **-** | **3 252** | **5 809** |

## NOTE 6 – FINANCIAL FIXED ASSETS - SHARES IN AFFILIATED UNDERTAKINGS

| Company | Location | 2012 EUR | 2011 EUR | Percentage of capital held directly in 2012 |
|---|---|---|---|---|
| Banque Privée Espirito Santo S.A. | Switzerland | 71 579 367 | 71 579 367 | 99.33% |
| Banco Espirito Santo S.A. | Portugal | 67 665 206 | 62 019 998 | 0.56% |
| Banque Espirito Santo et de la Vénétie S.A. | France | 45 943 123 | 45 943 123 | 44.81% |
| KeySpace Hungary Kft | Hungary | 4 335 000 | 4 335 000 | 51.00% |
| DASSA Investments S.A. | Luxembourg | 7 448 000 | 7 448 000 | 48.90% |
| ADEPA Global Services S.A. | Luxembourg | 547 500 | N/A | 40.00% |
| | | 197 518 196 | 191 325 488 | |
| Value adjustments | | (54 321 212) | (56 430 000) | |
| | | 143 196 984 | 134 895 488 | |

## NOTE 6 – FINANCIAL FIXED ASSETS - SHARES IN AFFILIATED UNDERTAKINGS (cont'd)

As at 31 December 2012, the value adjustments relate to the investments in:

- Banco Espirito Santo S.A. for EUR 47 565 000 (31 December 2011: EUR 50 995 000) (see Note 20)
- KeySpace Hungary Kft. for EUR 4 335 000 (31 December 2011: EUR 4 335 000)
- Dassa Investments S.A. for EUR 2 421 212 (31 December 2011: EUR 1 100 000).

During 2012, an amount of EUR 547 000 relating to ADEPA Global Services S.A. has been reclassified from "Securities held as fixed assets" to "Shares in affiliated undertakings" (see Note 8).

During 2011, the following transaction took place:

- Conversion of EUR 7 448 000 of bonds held in DASSA Investments S.A. to 74 480 shares.

The net assets and the net income of the affiliated undertakings in which the Company owns more than 20% at 31 December 2012 and 2011 are as follows:

| | Net assets * EUR | Net income * EUR |
|---|---|---|
| **Banque Privée Espirito Santo S.A. (audited)** | | |
| 31 December 2012 | 78 214 | 4 065 |
| 31 December 2011 | 71 957 | 1 619 |
| **Banque Espirito Santo et de la Vénétie S.A. (audited)** | | |
| 31 December 2012 | 172 246 | 10 315 |
| 31 December 2011 | 160 867 | 5 514 |
| **KeySpace Hungary Kft (unaudited)** | | |
| 31 December 2012 | ( 1 236) | ( 50) |
| 31 December 2011 | ( 1 217) | ( 30) |
| **DASSA Investments S.A. (audited)** | | |
| 31 December 2012 | 10 333 | ( 1 697) |
| 31 December 2011 | 13 073 | ( 1 110) |
| **ADEPA Global Services S.A. (unaudited)** | | |
| 31 December 2012 | 1 249 | ( 109) |
| 31 December 2011 | N/A | N/A |

* The figures are based on IFRS.

## NOTE 7 – FINANCIAL FIXED ASSETS - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Banque Privée Espirito Santo S.A. | 20 000 000 | 20 000 000 |
| Banque Espirito Santo et de la Vénétie S.A. (BESV) | 19 416 000 | 19 416 000 |
| DASSA Investments S.A. | 885 000 | - |
| | 40 301 000 | 39 416 000 |
| Accrued interest | 942 971 | 1 098 299 |
| | 41 243 971 | 40 514 299 |

In June 2002, together with the purchase of ESFG's participation in Banque Espirito Santo et de la Vénétie S.A. (BESV), ESFIL took over the subordinated loan to BESV originally subscribed by ESFG on 17 January 2002 for the amount of EUR 10 976 000. In September 2006, ESFIL granted a new loan to BESV for the amount of EUR 3 840 000, in June 2008 for the amount of EUR 3 000 000 and in June 2009 for the amount of EUR 1 600 000.

These loans are interest-bearing and have no fixed maturity, but can be reimbursed with a 5-year notice or on mutual agreement between the two parties.

In June 2009, ESFIL took over the subordinated loan to BPESSA originally subscribed by ESFG for an amount of EUR 20 000 000. This loan bears interest at 6.75% per annum and matures on 14 December 2017.

During 2012, ESFIL granted loans for a total amount of EUR 885 000. These loans bear no interest and will be reimbursed based either on a notice given by the lender or on mutual agreement between the two parties.

## NOTE 8 – FINANCIAL FIXED ASSETS - SECURITIES HELD AS FIXED ASSETS

The balance of securities held as fixed assets is analysed as follows:

| | 2012 | | | |
|---|---|---|---|---|
| | EUR | | | |
| | Cost | Value adjustments | Book value | Fair value |
| Bonds | 690 000 | - | 690 000 | 690 000 |
| Equity securities | 4 020 276 | ( 74 033) | 3 946 243 | 3 946 243 |
| Accrued interest | | | 4 984 | |
| | 4 710 276 | ( 74 033) | 4 641 227 | 4 636 243 |

## NOTE 8 – FINANCIAL FIXED ASSETS - SECURITIES HELD AS FIXED ASSETS (cont'd)

| | **2011** | | | |
|---|---|---|---|---|
| | **EUR** | | | |
| | **Cost** | **Value adjustments** | **Book value** | **Fair value** |
| Bonds | 690 000 | - | 690 000 | 690 000 |
| Equity securities | 4 567 776 | ( 77 321) | 4 490 455 | 4 490 455 |
| Accrued interest | | | 4 971 | |
| | 5 257 776 | ( 77 321) | 5 185 426 | 5 180 455 |

As indicated in Note 6, the shares held in ADEPA Global Services S.A. for a nominal value of EUR 547 000 as at 31 December 2011 have been reclassified to "Financial fixed assets – Shares in affiliated undertakings" during 2012.

## NOTE 9 – FINANCIAL FIXED ASSETS – LOANS AND CLAIMS HELD AS FIXED ASSETS

Loans and claims held as fixed assets represent Promissory Notes of nominal USD 90 000 000 and a discount of USD 22 231 678, due 31 July 2026. The Notes are repaid annually for a total amount of USD 6 000 000 on 31 July of each year, starting on 31 July 2012. The Notes bear no interest until 31 July 2015, at the rate of 3% per annum for the period from 31 July 2015 until 31 July 2017 and 5% from then on.

| | **2012 EUR** | **2011 EUR** |
|---|---|---|
| Loans at the beginning of the year | - | - |
| Additions | 68 608 020 | - |
| Reimbursement | ( 4 875 076) | - |
| Exchange differences | ( 77 291) | - |
| Loans at the end of the year | 63 655 653 | - |
| | | |
| Discount at the beginning of the year | - | - |
| Additions | (16 947 460) | - |
| Discount of the year (see Note 20) | 1 204 235 | - |
| Exchange differences | 19 092 | - |
| Discount at the end of the year | (15 724 133) | - |
| Net loans at the end of the year | 47 931 520 | - |

The discount is recognised at the repayment date on pro-rata basis in "Income from financial fixed assets" (see note 20).

## NOTE 10 – DEBTORS

The debtors' balance is analysed as follows:

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| *Amounts owed by affiliated undertakings* | | |
| Espirito Santo International S.A. | 453 275 054 | 307 617 528 |
| Espirito Santo Resources Ltd. | 297 691 546 | 641 302 690 |
| Espirito Santo Property Holding S.A. | 42 058 199 | 77 260 728 |
| Espirito Santo Bank (Panama) S.A. | 1 272 000 | - |
| Espirito Santo Control Holding S.A. | - | 1 126 593 |
| Other | 30 696 | - |
| | 794 327 495 | 1 027 307 539 |
| Accrued interest | 13 965 413 | 16 977 171 |
| | 808 292 908 | 1 044 284 710 |
| *Other receivables* | | |
| Others | 4 001 444 | 4 041 271 |
| Value adjustments | (3 520 969) | (3 520 969) |
| | 480 475 | 520 302 |

The advances to affiliated undertakings are interest bearing, mature within one year and guaranteed by shares.

No provision has been made against any of the advances to affiliated undertakings at 31 December 2012 and 2011 as the directors consider them to be fully collectable.

## NOTE 11 – OTHER TRANSFERABLE SECURITIES

| | 2012 | | | |
|---|---|---|---|---|
| | EUR | | | |
| | Cost | Value adjustments | Book value | Fair value |
| Equity securities | 12 321 857 | (12 321 857) | - | - |
| | 12 321 857 | (12 321 857) | - | - |

## NOTE 11 – OTHER TRANSFERABLE SECURITIES (cont'd)

| | 2011 | | | |
|---|---|---|---|---|
| | EUR | | | |
| | **Cost** | **Value adjustments** | **Book value** | **Fair value** |
| Equity securities | 12 321 857 | (12 027 918) | 293 939 | 293 939 |
| | 12 321 857 | (12 027 918) | 293 939 | 293 939 |

## NOTE 12 - CASH AT BANK AND CASH IN HAND

Cash at bank and cash in hand includes deposits of EUR 238 000 (31 December 2011: EUR 238 000) with ES Bankers Dubaï) Ltd.

## NOTE 13 – DEFERRED CHARGES

The balance of Deferred charges is analysed as follows:

| | **2012 EUR** | **2011 EUR** |
|---|---|---|
| Unamortised costs in respect of debt securities | 173 615 | 163 465 |
| Unamortised discount in respect of debt securities | 437 861 | 723 416 |
| Prepayments and accrued income | 1 386 137 | 3 082 253 |
| | 1 997 613 | 3 969 134 |

The unamortised costs in respect of debt securities are analysed as follows:

## NOTE 13 – DEFERRED CHARGES (cont'd)

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Costs at the beginning of the year | 1 399 900 | 1 237 950 |
| Additions for the year | 171 375 | 161 950 |
| Write-off of the year | ( 821 722) | - |
| Costs at the end of the year | 749 553 | 1 399 900 |
| Amortisation at the beginning of the year | (1 236 435) | (1 008 913) |
| Amortisation for the year | ( 161 225) | ( 227 522) |
| Write-off of the year | 821 722 | - |
| Amortisation at the end of the year | ( 575 938) | (1 236 435) |
| Unamortised costs at the end of the year | 173 615 | 163 465 |

The write-off of the year represents the accumulated unamortised costs for debt securities maturing until 31 December 2012.

The unamortised discount in respect of debt securities is analysed as follows:

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Discount at the beginning of the year | 9 097 579 | 2 088 708 |
| Additions for the year | 6 077 278 | 7 008 871 |
| Write-off of the year | (12 528 871) | - |
| Discount at the end of the year | 2 645 986 | 9 097 579 |
| Amortisation at the beginning of the year | (8 374 163) | (1 951 792) |
| Amortisation for the year | (6 362 833) | (6 422 371) |
| Write-off of the year | 12 528 871 | - |
| Amortisation at the end of the year | (2 208 125) | (8 374 163) |
| Net discount at the end of the year | 437 861 | 723 416 |

The additions for the year relate to the notes issued under EUR 1,000,000 Multi-issuer Euro-Commercial Paper Programme (see Note 16). The write-off of the year represents the accumulated unamortised discount for debt securities maturing until 31 December 2012.

## NOTE 14 – SUBSCRIBED CAPITAL

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Ordinary shares | | |
| Authorised capital: 20 000 000<br>(2011: 20 000 000) shares of EUR 15 each | 300 000 000 | 300 000 000 |
| Subscribed, issued and fully paid: | | |
| - Ordinary shares 6 675 000 (2011: 6 675 000) shares of EUR 15 each | 100 125 000 | 100 125 000 |
| - Preference shares 2 325 000 (2011: 2 325 000) shares of EUR 15 each | 34 875 000 | 34 875 000 |
| | 135 000 000 | 135 000 000 |

## NOTE 15 - CAPITAL AND RESERVES

| | Ordinary shares<br>EUR | Preference shares<br>EUR | Legal reserve<br>EUR | Profit/(Loss) brought forward<br>EUR | Profit for the year<br>EUR | Total<br>EUR |
|---|---|---|---|---|---|---|
| At 31 December 2011 | 100 125 000 | 34 875 000 | 9 590 367 | 11 007 113 | 11 847 688 | 167 445 168 |
| Appropriation to legal reserve | - | - | 592 633 | - | ( 592 633) | - |
| Transfer to the brought forward profit | - | - | - | 11 255 055 | (11 255 055) | - |
| Dividend paid | - | - | - | (9 450 000) | - | (9 450 000) |
| Profit for the year | - | - | - | - | 21 242 693 | 21 242 693 |
| At 31 December 2012 | 100 125 000 | 34 875 000 | 10 183 000 | 12 812 168 | 21 242 693 | 179 237 861 |

Under Luxembourg law, a minimum of 5% of the profit for the year must be transferred to a legal reserve until this reserve equals 10% of the issued share capital. The legal reserve is not available for distribution.

The appropriation of the 2011 result was approved at the annual general meeting of shareholders on 2 May 2012. The shareholders decided to pay a dividend of Euro 1.05 per share on the outstanding ordinary and preference shares.

## NOTE 16 - NON CONVERTIBLE BONDS

The main characteristics of the balance are presented as follows:

**Notes to the annual accounts at 31 December 2012**

**NOTE 16 - NON CONVERTIBLE BONDS (cont'd)**

| | 2012 | | | | |
|---|---|---|---|---|---|
| | **Currency** | **Issue date** | **Maturity** | **Interest rate** | **Book value** |
| | | | | | **EUR** |
| *Becoming due and payable within one year* | | | | | |
| Euro 2,000,000 Multi-issuer Medium Term Note Programme | EUR | 31.05.2011 | 31.05.2013 | 7.00% | 100 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 18.01.2012 | 16.01.2013 | 6.00% | 6 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 07.08.2012 | 06.08.2013 | 6.00% | 4 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 21.09.2012 | 20.09.2013 | 5.80% | 8 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 28.09.2012 | 27.09.2013 | 5.50% | 2 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 29.10.2012 | 28.01.2013 | - | 80 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 09.11.2012 | 07.02.2013 | 3.75% | 5 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 19.12.2012 | 07.02.2013 | 4.00% | 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 21.12.2012 | 07.02.2013 | 3.625% | 5 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 19.01.2012 | 17.01.2013 | 5.33% | 7 578 054 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.02.2012 | 04.02.2013 | 5.50% | 3 789 027 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 29.02.2012 | 22.02.2013 | 5.50% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 20.06.2012 | 19.06.2013 | 5.10% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 18.07.2012 | 17.07.2013 | 5.10% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 24.07.2012 | 23.07.2013 | 4.40% | 178 084 268 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 08.08.2012 | 04.02.2013 | 4.25% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 15.08.2012 | 11.02.2013 | 4.25% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 19.09.2012 | 18.03.2013 | 4.15% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 28.09.2012 | 27.09.2013 | 5.50% | 1 894 513 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 01.10.2012 | 09.01.2013 | 4.25% | 3 031 222 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 05.10.2012 | 09.01.2013 | 4.25% | 11 367 081 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.10.2012 | 09.01.2013 | 3.40% | 2 652 319 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.10.2012 | 09.01.2013 | 3.40% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.10.2012 | 08.04.2013 | 4.15% | 1 894 513 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.10.2012 | 08.04.2013 | 4.15% | 1 136 708 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 19.10.2012 | 17.01.2013 | 3.40% | 2 652 319 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 24.10.2012 | 22.01.2013 | 3.40% | 2 652 319 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 02.11.2012 | 01.05.2013 | 4.15% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 09.11.2012 | 08.05.2013 | 4.15% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 09.11.2012 | 07.02.2013 | 3.40% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 09.11.2012 | 07.02.2013 | 3.40% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 09.11.2012 | 08.05.2013 | 4.15% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 09.11.2012 | 07.02.2013 | 3.75% | 29 175 508 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.11.2012 | 12.02.2013 | 3.40% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.11.2012 | 13.05.2013 | 4.15% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.11.2012 | 07.01.2013 | 3.00% | 4 167 930 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.11.2012 | 20.05.2013 | 4.00% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.11.2012 | 20.11.2013 | 5.00% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 23.11.2012 | 22.05.2013 | 4.00% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 05.12.2012 | 03.03.2013 | 4.00% | 2 273 416 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 10.12.2012 | 11.03.2013 | 3.25% | 1 515 611 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 12.12.2012 | 12.03.2013 | 3.25% | 3 789 027 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 12.12.2012 | 12.03.2013 | 3.25% | 7 578 054 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.12.2012 | 14.03.2013 | 3.25% | 1 894 513 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.12.2012 | 14.03.2013 | 3.25% | 1 515 611 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.12.2012 | 14.03.2013 | 3.25% | 378 903 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 19.12.2012 | 19.03.2013 | 5.30% | 6 062 443 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.12.2012 | 21.03.2013 | 3.25% | 757 805 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.12.2012 | 20.03.2013 | 3.63% | 7 578 054 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 21.12.2012 | 10.06.2013 | 4.00% | 4 167 930 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | NOK | 15.10.2012 | 14.01.2013 | 6.93% | 2 589 717 |
| | | | | | 510 891 626 |
| Accrued interest | | | | | 9 960 572 |
| | | | | | 520 852 198 |
| *Becoming due and payable after more than one year* | | | | | |
| Medium Term Notes | EUR | 08.10.2012 | 08.01.2014 | 5.00% | 27 000 000 |
| | | | | | 27 000 000 |

**Notes to the annual accounts at 31 December 2012**

**NOTE 16 - NON CONVERTIBLE BONDS (cont'd)**

| | 2011 | | | | |
|---|---|---|---|---|---|
| | Currency | Issue date | Maturity | Interest rate | Book value |
| | | | | | EUR |
| *Becoming due and payable within one year* | | | | | |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 10.10.2011 | 10.10.2012 | - | 50 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 02.11.2011 | 31.01.2012 | - | 80 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 13.07.2011 | 09.07.2012 | 5.75% | 1 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 08.08.2011 | 06.08.2012 | 5.75% | 4 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 26.08.2011 | 19.04.2012 | 5.00% | 5 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 30.09.2011 | 28.09.2012 | 5.65% | 2 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 30.09.2011 | 05.01.2012 | 4.75% | 6 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 11.10.2011 | 11.04.2012 | 5.25% | 9 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 14.10.2011 | 05.01.2012 | 4.75% | 5 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 14.10.2011 | 12.03.2012 | 5.25% | 1 500 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 28.10.2011 | 25.04.2012 | 5.25% | 2 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | EUR | 28.10.2011 | 26.01.2012 | 4.75% | 1 500 000 |
| Medium Term Notes | EUR | 08.10.2010 | 08.10.2012 | 4.50% | 30 000 000 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 29.07.2011 | 24.07.2012 | 4.25% | 181 369 144 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 15.08.2011 | 13.02.2012 | 4.00% | 9 261 403 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 08.08.2011 | 02.02.2012 | 4.00% | 3 858 918 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 28.09.2011 | 05.01.2012 | 3.75% | 36 273 829 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 28.09.2011 | 26.09.2012 | 4.50% | 23 153 508 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 30.09.2011 | 05.01.2012 | 3.75% | 11 190 862 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 28.10.2011 | 26.01.2012 | 3.75% | 8 103 728 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 14.10.2011 | 05.01.2012 | 3.25% | 1 543 567 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 03.11.2011 | 01.05.2012 | 4.00% | 3 473 026 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 07.12.2011 | 06.03.2012 | 3.50% | 1 157 675 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 08.12.2011 | 07.03.2012 | 3.50% | 771 784 |
| Euro 1,000,000 Multi-issuer Euro commercial Paper Programme | USD | 29.12.2011 | 31.01.2012 | 3.00% | 5 016 593 |
| | | | | | 483 174 037 |
| Accrued interest | | | | | 9 465 838 |
| | | | | | 492 639 875 |
| *Becoming due and payable after more than one year* | | | | | |
| Euro 2,000,000 Multi-issuer Medium Term Note Programme | EUR | 31.05.2011 | 31.05.2013 | 7.00% | 100 000 000 |
| | | | | | 100 000 000 |

The Multi-issuer Euro commercial Paper Programme and the Multi-issuer Medium Term Note Programme have been approved by the relevant Luxembourg regulator, Commission de Surveillance du Secteur Financier (CSSF). The Medium Term Note of Euro 100,000,000 is listed on the Luxembourg stock exchange.

**NOTE 17 - AMOUNTS OWED TO CREDIT INSTITUTIONS**

Balances are interest bearing and mature within one year. A detailed analysis of balances owed to affiliated undertakings is as follows:

## NOTE 17 - AMOUNTS OWED TO CREDIT INSTITUTIONS (cont'd)

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Banco Espirito Santo S.A., Cayman | - | 165 871 343 |
| ES Bank (Panama) S.A. | - | 165 767 539 |
| Banco Espirito Santo S.A., Madrid | 7 578 054 | 7 717 836 |
| | 7 578 054 | 339 356 718 |
| Accrued interest | 5 140 | 403 460 |
| | 7 583 194 | 339 760 178 |

## NOTE 18 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

| | Interest rate | Currency | 2012 EUR | 2011 EUR |
|---|---|---|---|---|
| *Becoming due and payable within one year* | | | | |
| Accrued interest | | | 123 404 | 123 010 |
| **Demand deposits** | | | 147 839 | 2 507 324 |
| **Other payables** | | | | |
| Payable to Company's parent | | | 200 174 774 | 1 382 585 |
| Payable to other affiliated undertakings | | | 7 531 660 | 7 531 660 |
| | | | 207 977 677 | 11 544 579 |
| *Becoming due and payable after more than one year* | | | | |
| **Structured loans** | | | | |
| Revolving loan | 4.625% | CHF | 48 894 410 | 48 675 321 |
| Revolving subordinated loan | 5.750% | CHF | 8 281 573 | 8 244 465 |
| Revolving loan | 5.878% | EUR | 25 000 000 | 25 000 000 |
| Revolving loan | 6.625% | EUR | 20 000 000 | 20 000 000 |
| Loan | 2.750% | EUR | 116 800 000 | 53 800 000 |
| | | | 218 975 983 | 155 719 786 |

Structured loans are due to the Company's parent and are reimbursable based either on a notice given by the lender or on mutual agreement between the two parties. The unrealised foreign exchange losses are recognised in the profit and loss account and unrealised foreign exchange gains are not accounted for. As at 31 December 2012, total unrealised foreign exchange losses associated with these loans at 31 December 2012 amount to EUR 256 197 (2011: gains of EUR 113 853).

## NOTE 19 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into forward currency contracts as part of its trading activities with affiliated undertakings as well as to hedge against foreign currency exposure on its own account. Forward currency contracts are contracts to purchase and sell foreign currencies at specific rates of exchange on specific dates in the future. Risk arises from the potential inability of counterparties to perform under the terms of the contracts (credit risk) and from fluctuations in the foreign exchange rates (market risk).

The Company also enters into interest rate swap contracts as part of its trading activities with affiliated undertakings. Interest rate swap contracts are contracts in which a series of interest rate determined cash flows in a specified currency are exchanged over a prescribed period. The notional amount on which the interest payments are based is not exchanged and most interest rate swaps involve the exchange of fixed and floating interest payments. The risks inherent in interest rate swap contracts are the potential inability of a counterpart to meet the delivery terms of its contract and the risk associated with changes in the market value of the contracts due to movements in the underlying interest rates.

The Company manages the market risk of positions with affiliated undertakings by taking offsetting positions with affiliated banks and other non-related banks resulting in minimal market exposure. The credit risk of positions with affiliated undertakings is managed by applying uniform credit standards maintained for all activities with credit risk.

The total negative and positive replacement values of the Company's derivative trading activities at 31 December 2012 are EUR 16 585 432 and EUR 16 893 304 respectively (31 December 2011: EUR 10 311 554 and EUR 10 554 825). The total notional amount of forward currency contracts and interest rate swap contracts opened at 31 December 2012 is EUR 4 090 355 196 (31 December 2011: EUR 3 006 636 731).

## NOTE 20 – INCOME FROM FINANCIAL FIXED ASSETS

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Income from participating interests | | |
| derived from affiliated undertakings - dividend income | 1 436 222 | 7 195 255 |
| Income from loans forming part of the fixed assets | 2 251 720 | 2 403 299 |
| Value re-adjustments in respect of securities held as fixed assets (see Notes 6 and 8) | 3 433 288 | 14 323 |
| Discount on loans and claims held as fixed assets (see Note 9) | 1 204 235 | - |
| | 8 325 465 | 9 612 877 |

## NOTE 21 – TRANSACTIONS AND BALANCES WITH AFFILIATED UNDERTAKINGS

The Company has a number of significant transactions and relationships with ESFG group companies as well as with non-banking institutions controlled by ESI. Balances, income earned and expenses incurred as a result of transactions with subsidiaries and affiliated undertakings are as follows:

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| **Assets** | | |
| Shares in affiliated undertakings | 143 196 984 | 134 895 488 |
| Financial fixed assets - Amounts owed by affiliated undertakings | 41 243 971 | 40 514 299 |
| Debtors | 808 292 908 | 1 044 284 710 |
| Cash at bank and cash in hand | 81 837 047 | 41 758 975 |
| Deferred charges | 25 000 | 3 021 623 |
| | 1 074 595 910 | 1 264 475 095 |
| **Liabilities** | | |
| Amounts owed to credit institutions | 7 583 194 | 339 760 178 |
| Amounts owed to affiliated undertakings becoming due and payable within one year | 207 977 677 | 11 544 579 |
| Amounts owed to affiliated undertakings becoming due and payable after one year | 218 975 983 | 155 719 786 |
| Deferred income | - | 607 841 |
| | 434 536 854 | 507 632 384 |

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| **Charges** | | |
| Other external charges | 2 128 623 | 2 284 219 |
| Other operating charges | - | 243 808 |
| Interest payable and other financial charges | 32 162 631 | 31 233 034 |
| | 34 291 254 | 33 761 061 |
| **Income** | | |
| Other operating income | 1 272 000 | 2 138 520 |
| Income from financial fixed assets | 3 687 943 | 9 598 554 |
| Income from financial current assets | 156 560 | 20 112 |
| Other interest receivable and other financial income | 70 965 001 | 99 590 554 |
| | 76 081 504 | 111 347 740 |

**Notes to the annual accounts at 31 December 2012**

## NOTE 22 – STAFF COSTS

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Wages and salaries | 1 831 359 | 1 887 915 |
| Social security costs accruing by reference to wages and salaries | 163 116 | 131 762 |
| Supplementary pension costs | 157 885 | 182 161 |
| | 2 152 360 | 2 201 838 |

At 31 December 2012, the Company had 15 employees (31 December 2011: 15).

The salaries and other benefits attributed to the key management personnel are analysed as follows:

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Salaries and other short-term benefits | 476 880 | 528 060 |
| Pension costs and health-care benefits | 79 494 | 75 645 |
| Bonus | 90 132 | 69 366 |
| | 646 506 | 673 071 |

## NOTE 23 - AUDIT FEES

The fees billed to the Company by KPMG Luxembourg s.à r.l. and other member firms of the KPMG network ("KPMG") during the year are analysed as follows (excluding VAT):

| | 2012 EUR | 2011 EUR |
|---|---|---|
| Audit fees | 43 000 | 69 565 |
| Audit-related fees | 24 143 | 17 978 |
| Other services | - | 21 500 |
| | 67 143 | 109 043 |

## NOTE 24 - TAXATION

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. It has a branch operation in Lausanne, Switzerland which is subject to taxes applicable under Swiss law.

Dividend income earned by the Company may be subject to non-recoverable withholding taxes in the countries of origin.

Taxes assessed and provided on the Company's Swiss operations amounted to EUR 1 205 000 at 31 December 2012 (2011: EUR 1 000 000).

## NOTE 25 - OTHER EXTERNAL CHARGES

| | 2012<br>EUR | 2011<br>EUR |
|---|---|---|
| Services provided by affiliated undertakings | 2 128 623 | 2 284 219 |
| Others | 1 093 097 | 982 244 |
| | 3 221 720 | 3 266 463 |

## NOTE 26 - BOARD REMUNERATION

During 2012, there is no remuneration paid to the Board of Directors (2011: EUR 50 000).

**ESFIL - Espirito Santo Financière S.A.**

# Annual accounts
as at 31 December 2012
and report of the Réviseur
d'Entreprises agréé thereon

22-24 Boulevard Royal

L-2449 Luxembourg

RCS: Luxembourg B46.338

**ESFIL - ESPIRITO SANTO FINANCIERE S.A. - Société Anonyme**
**22/24 Boulevard Royal, L - 2449 Luxembourg**
**R.C.S. Luxembourg N° B 46.338**

Management report to the General Assembly April 24, 2013.

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Ladies and Gentlemen,

In accordance with the legal and regulatory requirements as well as with the statutory articles of the Company, we hereby report to you on the activity of the Company during last year and submit to your approval the Annual Accounts of the Company as at December 31, 2012.

During the period under review total income of the Company amounted to EUR89,547,482 while total expenses reached EUR68,304,789, thereby generating a profit of EUR21,242,693 for the year 2012, compared to a profit of EUR11,847,688 for the previous year.

Net interests and similar income on debtors and financial assets remain stable at EUR25,225,926 compared to EUR25,992,184 for the year 2011, reflecting a similar average lending during 2012, while dividend income fell to EUR1,436,222 against EUR7,195,255 in 2011, as a consequence of the unfavourable performance of ESFIL's main subsidiary, Banque Privée Espirto Santo S.A..

Due to the evolution of the market value of the financial assets held by the Company, we were able to partially reverse for EUR1,617,671 in 2012 the negative value adjustments registered in the previous years on financial assets and marketable securities compared to a negative adjustment of EUR14,285,848 in 2011.

Income tax charges fell to EUR1,206,575 in 2012 from EUR2,424,406 in the preceding period, due to an overprovisioning in 2011.

Given the carried forward results from the preceding periods in the amount of EUR12,812,168, we propose to the General Assembly the distribution of a dividend of EUR1.50 per share, amounting to a total of EUR13,500,000 after an allocation of EUR1,065,000 to the legal reserve, in compliance with the legal provisions in force in Luxembourg, and to carry forward the balance of EUR19,489,861.

We therefore propose that you approve the Balance Sheet and the Profit and Loss Statements as they are presented.

Taking into account the evolution of our activities and of the financial markets developments, we foresee that the period 2013 should end with a slightly lower result than 2012.

No significant events have occurred since December 31, 2012 that may have impacted the financial situation of the Company.

During 2012, ESFIL purchased from an affiliated company USD90 million nominal value Promissory Notes for a total consideration of USD68.6 million. Those Promissory Notes are included in the balance sheet under Loans and claims held as fixed assets. We also participated in the capital increase of Banco Espirito Santo in Portugal for an amount of EUR5,645,208.

No changes have occurred in the structure of ESFIL and your organization consists of the headquarters in Luxembourg and its branch in Pully, Switzerland.

By special vote, we ask you to give discharge to the Directors for their mandate until December 31, 2012 and to the Réviseur d'Entreprises for their mandate referring to the balance sheet ended December 31, 2012.

## CORPORATE GOVERNANCE CHARTER

**ESFIL – Espirito Santo Financière S.A.** ('ESFIL') is a limited liability company (*société anonyme)* incorporated under Luxembourg law for an unlimited duration.
The main activity of the Company is the acquisition of interest, in any form whatsoever in other companies. It also participates in the development of companies by granting assistance in the form of loans, guarantees or in any other way. The Company has a branch in Pully, Switzerland.

## ORGANISATION

ESFIL structure is composed of a General Shareholders' Meeting, a Board of Directors, the External Auditors and the Internal Control Functions: Risk Management, Compliance and Internal Audit.

ESFIL's management structure is composed by a Board of Directors and an Executive Committee.

- The Board of Directors is composed by at least four members, who need not be shareholders. The directors are elected at the shareholders' meeting for a maximum period of six years and are re-eligible.

- The Executive Committee is responsible for the operational management of the Company within the limits of the general policies and strategy laid down by the Board of Directors.

## SHARES, CAPITAL AND SHAREHOLDER STRUCTURE

### Types of Shares

ESFIL's shares are bearer and divided into preferred shares and ordinary shares.

Bearer shares are represented by single or multiple share certificates.

### Voting rights

Preferred shares have no voting rights.
Each ordinary share entitles its shareholder to one vote.

### Capital

The authorised capital is EUR 300 million, represented by twenty million shares of EUR 15.- nominal value. As at December 31, 2011, 2,325,000 preference shares and 6,675,000 ordinary shares have been issued, subscribed and fully paid, representing an issued capital of EUR 135,000,000.

The Board of Directors is authorised to issue shares in one or several tranches within the limits of the authorised capital on such terms and conditions as it shall approve, including such issue premium it may set forth. The Board of Directors is authorised and empowered to issue such new shares against payment in cash or in kind, by conversion of claims or in any other manner, more in particular by the conversion into capital of convertible bonds or notes that may from time to time be issued.

### Pre-emptive rights

The Board of Directors is authorised to cancel or limit the preferential subscription right in case of an increase of capital within the limits of the authorised capital. Such authorisation is valid for a period of five years from the date of the publication of the extraordinary shareholders' meeting approving the

authorised capital and may be renewed for further periods of five years each by decision of a general meeting of shareholders.

**Shareholders**
As at December 31, 2012 ESFIL's sole shareholder was:

| *Name* | *No. Of Shares* | % |
|---|---|---|
| Espirito Santo Financial Group SA. | 2,325,000 preferred shares | 100.0 |
| Espirito Santo Financial Group SA. | 6,675,000 ordinary shares | 100.0 |

## GENERAL SHAREHOLDERS' MEETING

The Annual General Meeting is convened by the Board of Directors and is held on the 20th day of April at 12 o'clock at the registered office or at any other location designated in the convening notices. If said day is a public holiday, the meeting will be held on the next following business day.

The shareholders' meeting, legally constituted, represents the entire body of shareholders. It has all the powers conferred to it by law or by the Company's Articles of Incorporation. All shareholders are entitled to attend and speak at any general meeting of shareholders.

## BOARD OF DIRECTORS

The Board of Directors is responsible for defining general strategy and policy and supervising the Executive Committee.

The Board of Directors meets at the request of the Chairman of the Board of Directors, but a meeting must be convened if at least two directors so require.
Written notices of the meeting are given at least twenty four hours before the date of the meeting. At a Board Meeting a resolution is adopted by majority of those directors present or represented at the meeting. In the case of an emergency, a written decision signed by all directors as though the meeting was duly convened and held, is valid.

The Board of Directors is vested with all the powers to perform all acts necessary or useful for accomplishing the corporation's objects. All powers not expressly reserved by law or by the Company's Articles of Incorporation to the general meeting of shareholders are in the competence of the Board of Directors.

The Board of Directors is responsible for establishing the general principles of risk management and control, defining the objective risk profile for ESFIL, including establishing both global and specific risk limits and ensuring that the Company has the necessary competences and resources for the purpose.

**Accounts and Financial Reporting**
ESFIL's Accounting Officer is responsible for reporting the Company's statutory and consolidated financial position to the relative exchanges and authorities and for their preparation.

ESFIL's accounts are supervised by ESFIL's Board of Directors.

**INTERNAL CONTROL**
ESFIL has, established an internal control system with the objective of performing its respective activities efficiently and consistently and in accordance with the best practices.

The Compliance Function is responsible for:

- Monitoring compliance with legal obligations and regulatory duties ESFIL is subject
- Advising the Board of Directors and preparing and submitting to this body, at least once annually, a report identifying any non-compliance, which may have occurred and the measures adopted for correcting possible deficiencies.

The Risk Management Function is responsible for:

- Making sure that the risk management system is efficiently and consistently implemented to continuously monitor for adequacy and effectiveness, as well as monitoring the progress of corrective measures.
- Monitoring the evolution of the integrated risk profile, and for proposing methodologies, policies, procedures and instruments to deal with all types of risk faced by ESFIL
- Advising the Board of Directors, preparing and submitting to them, mo less than once a year, a report on risk management, indicating whether all appropriate measures have been taken to correct possible deficiencies in ESFIL risk management strategy.

The Internal Audit Function is responsible for:

- Preparing and keeping updated an audit plan aimed at examining and assessing the adequacy and effectiveness of the various internal procedures;
- Issuing recommendations based on the results of the assessments made, and making sure they are followed;
- Preparing and submitting to the Board of Directors, with at least annual frequency, a report on audit issues summarising the main deficiencies detected in control actions, which even if immaterial when considered separately, may reveal a tendency for the deterioration of the internal control system, whilst also indicating and identifying the recommendations that were followed.

**CORPORATE GOVERNANCE REPORT**

The "ten Principles of Corporate Governance" issued by the Luxembourg Stock Exchange recommend that listed companies should publish a Corporate Governance Chapter in it annual report, describing all the relevant events related to Corporate Governance which took place in the preceding financial year. The publication of a corporate Governance Report is a requirement of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and Luxembourg Law of 10th December 2010, Art 68.

**BOARD OF DIRECTORS**
**Composition of the Board of Directors**
The current Board of Directors is composed of four directors:
Mr José Manuel da Fonseca Antunes, Chairman
Mr Jorge Manuel Amaral Penedo
Mr João Manuel Baptista do Nascimento Bruno
Mr Jean-Luc Schneider

**Changes in the Board of Directors**
There was no change in the composition of the Board of Directors since the General Assembly of May 3rd, 2012.

**Information on the Directors**
José Manuel da Fonseca Antunes
Date of birth: 07.04.1950; Nationality: Portuguese; First appointed: 31.05.2011;
Mr José Manuel Fonseca Antunes is the General Manager of the Luxembourg Branch of Banco Espirito Santo SA, Lisbon, a listed company.
Mr José Manuel Fonseca Antunes does not hold any other post in a listed company.

Jorge Manuel Amaral Penedo
Date of birth: 07.08.1963; Nationality: Portuguese; First appointed: 26.04.2004;
Mr Jorge Manuel Amaral Penedo is the Chief Prudential Reporting Officer of Espirito Santo Financial Group SA, Luxembourg, a listed Company.
Mr Jorge Manuel Amaral Penedo does not hold any other post in a listed company.

João Manuel Baptista do Nascimento Bruno
Date of birth: 31.12.1960; Nationality: Portuguese; First appointed: 02.01.2012
Mr João Manuel Baptista do Nascimento is the General Manager of ESFIL
Mr João Manuel Baptista do Nascimento does not hold any other post in a listed company.

Jean-Luc Schneider
Date of birth: 26.11.1952; Nationality: Swiss; First appointed: 31.05.2011
Mr Jean-Luc Schneider is the Chief Accounting Officer of Espirito Santo Financial Group SA, Luxembourg, a listed Company.
Mr Jean-Luc Schneider does not hold any other post in a listed company

**Composition of the Executive Committee**
João Manuel Baptista do Nascimento Bruno, Managing Director
Jean-Luc Schneider, Manager ESFIL and General Manager of the Swiss branch.

**Internal control**
On 15 May 2012, the board of Directors approved the Internal Control report for submission to Espirito Santo Financial Group SA, ESFIL' shareholder, in compliance with the requirements set by the shareholder.

April 23, 2013

José Manuel da Fonseca Antunes, Chairman

Jean-Luc Schneider, Director

KPMG Luxembourg S.à r.l.
9, allée Scheffer
L-2520 Luxembourg

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Internet www.kpmg.lu
Email info@kpmg.lu

To the Shareholders of
ESFIL - Espírito Santo Financière S.A.
22-24, Boulevard Royal
L-2449 Luxembourg

# REPORT OF THE REVISEUR D'ENTREPRISES AGREE

## *Report on the annual accounts*

We have audited the accompanying annual accounts of ESFIL - Espírito Santo Financière S.A., which comprise the balance sheet as at 31 December 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of ESFIL - Espírito Santo Financière S.A. as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

***Report on other legal and regulatory requirements***

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, 23 April 2013

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

F. Rouault

# ESFIL-ESPIRITO SANTO FINANCIERE S.A.

Limited company

Registered office : 22/24 Boulevard Royal, L-2449 Luxembourg
R.C.S. Luxembourg B 46.338

**The Board of Managers as at 31.12.2011 :**

- BASECQZ Bernard, with professional address at 1, rue Plaetis, L-2338 Luxembourg,
- GUERRERO PEMAN Manuel, with professional address at 9-1°A, Calle Santiso, E-28050 Madrid,
- MORVAN Yves Alain Marie, with professional address at 45, rue Georges Mandel, F-75116 Paris,
- ESPIRITO SANTO SILVA SALGADO Ricardo, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,
- LAFFINEUR PETRACCHINI Gherardo, with professional address at 10, Paternoster Square, GB-EC4M7AL Londres,
- BRAGA PEREIRA COUTINHO Fernando Pedro, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,
- PINHEIRO ESPIRITO SANTO SILVA José Manuel, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,
- ROQUETTE RICCIARDI Antonio Luis, with professional address at 62, rua de S. Bernardo, P-1249-092 Lisbonne,
- MOSQUEIRA DO AMARAL Mario, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,
- CARDOSO CASTELLA José Carlos, with professional address at 62, rua de S. Bernardo, P-1249-092 Lisbonne,
- TORRES GARCIA CALDEIRA DA SILVA José Pedro, with professional address at 15, Avenue de Montchoisi, CH-1001 Lausanne,
- MONTEIRO DE BARROS Patrick, with professional address at 19, Berkeley Street, GB-WIJ 8ED Londres,
- GILBERT Jackson B., with professional address at 108-110, Velasquez, E-28006 Madrid,
- MONIZ GALVAO ESPIRITO SANTO SILVA Manuel Fernando, with professional address at 62, rua de S. Bernardo, P-1249-092 Lisbonne,
- GUIRAL Philippe, with professional address at 45, rue Georges Mandel, F-75116, Paris
- MACHADO DE ALMEIDA FREITAS Carlos Augusto, with professional address at 193, rua Nossa Senhora da Ajuda, P-4815-257 Moreira de Conegos,
- DA COSTA REIS DE OLIVEIRA Anibal, with professional address at Pousada de Saramagos, P-4764-951 Vila Nova de Famalicao,

- BEAUVILLAIN DE BRITO E CUNHA Pedro Guilherme, with professional address at 242, Avenida da Liberdade, P-1124-802 Lisbonne,
- RIBEIRO SERZEDELO DE ALMEIDA Manuel Antonio, with professional address at 14, Av. Sidonio Pais, P-1050-125 Lisbonne,
- ESPIRITO SANTO SILVA RICCIARDI José Maria, with professional address at 38, rua Alexandre Herculano, P-1269-161 Lisbonne,
- BENJELLOUN Othman, with professional address at 140, Avenue Hassan II, MA-20000 Casablanca,
- HARTMANN Roger, with professional address at 10, Paternoster Square, GB- EC4M 7AL Londres,
- RUIVO DA PENA José Manuel, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,
- BURNAY PINTO CARVALHO DAUN LORENA Luis Antonio, with professional address at 195, Avenida da Liberdade, P-1250-142 Lisbonne,

**Le statutory auditor as at 31.12.2011 :**

- KPMG AUDIT, with registered office at 31, Allée Scheffer, L-2520 Luxembourg